



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 28, 1999

Ronald Bosshardt
Redmond Clay & Salt Company
370 South State
Redmond, Utah 84652

Re: Letter of Credit, Redmond Clay & Salt Company, Redmond Clay & Salt, M/039/002,
Sanpete County, Utah

Dear Mr. Bosshardt:

On January 22, 1999 the Division received a letter from Mike Shaw of the Utah Independent Bank of Salina, Utah, regarding Letter of Credit No. _____ posted by Redmond Clay & Salt Company as reclamation surety. The letter indicated the bank had signed a Change in Terms form on this LOC. The Change in Terms form extended the maturity date of this LOC to February 28, 1999 which will also be the termination date unless otherwise notified by Redmond Clay & Salt Company.

As stated under item 3 of Letter of Credit No. _____ signed by Brent R. White, Vice President of Utah Independent Bank on November 30, 1992: "The letter of credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Utah Independent Bank gives notice to the Division 90 days prior to the expiration date that the Utah Independent Bank elects not to renew the Letter of Credit." *A termination date of February 28, 1999 does not provide 90 days advance notification to the Division as the terms of the LOC state.*

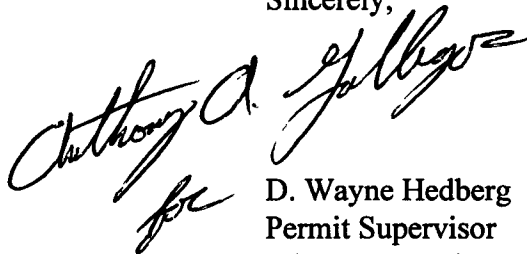
This letter is to notify Redmond Clay & Salt Company, that a large mining operation must have a surety posted until the project is fully reclaimed, and the Division has released the operator from further reclamation responsibility. The current LOC posted by Redmond Clay & Salt is considered as an interim reclamation surety while the Large Mine Operation Notice of Intention is being finalized. Please make arrangements to keep the existing Letter of Credit in effect or post a replacement surety for the same amount.

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An interim surety will need to remain in place until the Division grants final approval of the large mine notice currently being worked on. The surety amount may need to be adjusted as part of the final approval of the large mine notice.

Thank you for your immediate attention to this matter. If you have any questions regarding this letter please contact me at (801) 538-5286. If I am unavailable please contact Tony Gallegos at (801) 538-5267, or Ms. Joelle Burns at (801) 538-5291.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is written in a cursive style with a large, stylized "D" and "H".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: Mike Shaw, Utah Independent Bank, P.O. Box 09, Salina, Utah 84654
m39-02.loc